



**Committee on  
Homeland Security Democrats  
Bennie G. Thompson, Ranking Member**

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**Homeland Security Ranking Democrat Requests Investigation of International Company  
Receiving Small Business Contracts**

WASHINGTON--Congressman Bennie G. Thompson (D-MS), Ranking Member of the House Homeland Security Committee has asked the Department of Homeland Security (DHS) Inspector General to investigate Corporate Express, an international office-supply company, to determine if it illegally presented itself as a small business to receive preferences for federal contracts.

The company designated itself as a small business and received a roughly \$800,000 Katrina-related federal contract from FEMA. The contract is for printing services.

In several instances, large companies can receive small-business government contracts if the company's main business is in a different area than the contract awarded. In a *Washington Post* article published last week, the company claimed clerical errors caused the designation. Yet, this isn't the first time that the company has used the small business designation.

In 1999, Corporate Express received a \$57.5 million small business contract from the U.S. Navy for five years. This contract followed a similar one that was awarded 1997. The Small Business Act requires a business to respond to solicitations and self-certify that it fits the category. In 2003, the Small Business Administration proposed issuing a rule that would have required annual government annual certification. The rule's comment period expired over a year ago. The Bush Administration has failed to issue the rule.

There are several more unresolved problems with Corporate Express use of legitimately defining themselves as a small business. The company's revenue history, number of employees and its international presence, means Corporate Express is not a small business under any definition. Corporate Express is based in the Netherlands and has more than 10,000 employees in 17 countries.

"We are seeing the same actions this Administration is known for--allowing "Big Business" to stampede over those that are disadvantaged," Rep. Thompson said in a letter to DHS Inspector General Richard Skinner. "By refusing to require accountability in small business certification, the Bush Administration has permitted a Grand Canyon size loophole to swallow up small business opportunities. If large corporations can pretend to be small businesses and soak up dollars meant to encourage small business growth, then small businesses -- the engine of the American economy -- are being choked," he said. "They don't have a chance."

The Inspector General has been asked to determine if Corporate Express has received more small business government contracts and if this repeated activity could lead to criminal and civil penalties. If the company's actions are found fraudulent, it could face criminal penalties including fines of up to \$5,000 or up to two years imprisonment, or both.

It appears that many large businesses masquerade as small businesses to win government contracts. A February 2005 SBA Inspector General report found that “one of the most important challenges facing the SBA and the entire Federal Government is that large businesses are receiving small business procurement awards and agencies are receiving credit for these awards.”

“The Department has turned a cold shoulder to small business,” Rep. Thompson added. “If the Administration will not investigate and take action against this foreign-owned big business that is benefiting from American taxpayer funded programs, the public should seriously question the Administration’s commitment to American-owned small and minority businesses in this country. Why is this Administration allowing contracts that should go to American small businesses go to large foreign corporations?”